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MAYOR JERRY SANDERS

FACT SHEET

HUD INSPECTOR GENERAL RELEASES RESULTS OF AUDIT

Most Issues Already Addressed Under Sanders' Reforms

The U.S. Housing & Urban Development Department's Inspector General has released its audit of the city of San Diego's use of Community Development Block Grant funds between 2000 and 2007.

Many of the issues identified in the audit already have been addressed by an overhaul of the city's CDBG program, initiated by Mayor Jerry Sanders in 2007. The projects surveyed in the audit were initiated under prior administrations.

The audit report concluded that the city of San Diego did not follow HUD guidelines in its administration of \$1.8 million in CDBG funds and recommended that the city be required to provide supporting documentation for \$11 million in expenditures on redevelopment projects. Among the findings were that the city did not properly document the use of some CDBG grant money and failed to properly monitor projects funded with the federal blight-mitigation funds.

"This audit report documents problems in the administration of these funds that we discovered when the mayor took office and that he immediately took steps to resolve," said Jay Goldstone, the city's chief operating officer. "The CDBG overhaul we started early in this administration is just one aspect of our ongoing reform of city management practices, which everyone is aware were sorely lacking when the mayor took office."

"All CDBG funds were used to aid in community development as the program intended, but it's critical that we also have documentation to support our achievements beyond the obvious physical improvements we made to blighted, underserved areas of the city," Goldstone added.

The audit report serves as recommendations to HUD's Director of the Office of Community Planning and Development in the department's oversight of San Diego's CDBG fund administration. The city will work with the Los Angeles branch of HUD to determine the

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ultimate outcome of the audit findings, and HUD Office of Community Planning and Development will make final decisions as to repayment amounts and schedules.

In 2007, Sanders and the City Council overhauled the administration of CDBG funds. Reforms included reassigning responsibility for program administration to the Economic Development Division of the city's Planning & Community Investment Department and structuring the program to ensure better oversight of CDBG fund recipients and projects.

Additional reforms will be presented to the City Council for approval in 2009.

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